

EXHIBIT A

Advanced Micro Devices, Inc.

Company ▲

AMD

Ticker ▲

Q4 2005 Earnings Call

Event Type ▲

Jan. 18, 2006

Date ▲

MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by and welcome to the AMD Fourth Quarter 2005 Earnings Conference Call. [Operator Instructions]. I would now like to turn the conference over to our host, Mr. Mike Haase. Please go ahead, sir.

Michael Haase, Director of Investor Relations

Thank you and welcome to AMD's fourth quarter 2005 earnings conference call and year end conference call. Our participants today are Hector Ruiz, our Chairman of the Board, President and CEO, Bob Rivet, our Chief Financial Officer and Henri Richard, our Chief Sales and Marketing Officer. This call is a live broadcast and will be replayed at AMD.com and streetevents.com. The telephone replay number is 800-475-6701. Outside of the United States the number is 320-365-3844. The access code for both is 808058. The telephone replay will be available for the next 10 business days starting at 7:00 P.M. pacific time tonight.

In addition I'd like to call to your attention that our Q1 2006 earnings quiet time will begin at the close of business, Friday, March 10th.

Before we begin today's call I would like to caution everyone that we will be making forward-looking statements about management's expectations. Investors are cautioned that our forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from our current expectations as set forth in the forward-looking statements. The semiconductor industry is generally volatile and market conditions are particularly difficult to forecast. Because our actual results may differ materially from our plans and expectations today, I encourage you to review our filings with the SEC where we discuss in detail our business and risk factors setting forth information that could cause actual results to differ materially from those in our forward-looking statements. You will find detailed discussions in our most recent SEC filings including AMD's annual report on form 10-K for the year ended December 26, 2004, and AMD's quarterly report on form 10-Q for the quarter ended September 25, 2005.

With that I'll turn it over to Hector Ruiz.

Hector de J. Ruiz, Ph.D., Chairman, President and Chief Executive Officer

Thank you, Mike. Our fourth quarter results underscored the undeniable fact that the AMD growth engine is gathering momentum. The strong across the board execution led the company to records in total revenues, microprocessor units and revenues across each of our server, mobile and desktop product lines, as well as microprocessor gross margin and operating income. Our solid ASP improvement confirms the rise of AMD as a premium brand for both consumer and commercial customers alike.

And our JV Spansion successfully completed a public offering, producing a timely capital infusion to that business and allowing AMD to bring increasing focus to the growth opportunity in front of us. In our microprocessor business we experienced almost 80% year on year growth in what continues to be the largest quarter of the fiscal cycle. We continue our strong trajectory in the enterprise where the superior performance per watt characteristics of the AMD Opteron platform drive unprecedented opportunities for our customers and partners.

In the fourth quarter we were pleased to add AIG, Albertson's, Clear Channel and Nissan Motor Company, among others, to our expanded list of Global 2000 companies and their subsidiaries who

callstreet

corrected transcript

Advanced Micro Devices, Inc.

Company ▲

AMD

Ticker ▲

Q4 2005 Earnings Call

Event Type ▲

Jan. 18, 2006

Date ▲

have adopted AMD 64 technology. As of today 90% of the top 100 and more than 45% of the top 500 companies on the Forbes Global 2000 use AMD-based solutions.

We're thrilled to report that eBay is bolstering the surge functionality on its site with hundreds of Sun's new AMD Opteron processor-based Sun Fire x64 servers. eBay will combine the power and performance of the Solaris operating system running on AMD Opteron processors for better performance and energy efficiency. AMD's Opteron model 880 with dual-core technology continues to lead the industry in TPC-C benchmark performance for 4P servers.

Customer momentum in the commercial segment continued with the launch of the HP DX5150 client and new Blade server offerings from HP and Fujitsu Siemens. We're also pleased that Super Micro announced general availability of a broad range of AMD Opteron-based server and motherboard-based solutions. Our mobile business continues to gain steam, reflected by all time record revenue in the quarter and continued growth in global demand for our AMD Turion 64 mobile processor platform. We're pleased to report over 100 platforms based on AMD Turion 64 processors either shipping or in development worldwide.

AMD continued to show strong progress in key high growth markets, particularly China, one of our largest and fastest growing markets. We were honored to announce broad adoption of our platform by Tsinghua Tongfang, China's third largest PC maker. In addition, we licensed our low power AMD Geode GX2 processor to the esteemed Ministry of Science and Technology and to Peking University for use in developing new technologies to support primary education in rural China. Our AMD 64 based products continue to earn industry recognition, receiving 20 more awards in the fourth quarter, including the Tech Innovator award from VARBusiness, Gear of the Year recognition by Maximum PC, and acknowledgement as one of the Hot Products of the Year by EDN Magazine. Each of these awards was for our best in class AMD 64 dual-core technology, the only industry standard microprocessor family designed from the ground up for multi-core computing.

On the manufacturing side our Dresden team continues its excellent performance record both in terms of the continued operation of our world class FAB 30 as well as in ramping our new state of the art 300 millimeter FAB 36, which more than double our capacity in the next three years. By all measures the fourth quarter was outstanding, characterized by: accelerating customer and end user adoption of our AMD 64 platform micro server, mobile and desktop product lines; the successful public offering of our Spansion business; flawless manufacturing execution in our FAB 30 and the grand opening of our new FAB 36 facility in Dresden, Germany as well; superb execution of our financial strategy with a reduction of debt and the expansion of our cash balances.

It was a spectacular end to a year of reinvention for AMD, providing once again a healthy foundation for continued growth and success in 2006. Now let me turn it over to Bob to review the results of the quarter as well as the outlook.

Robert J. Rivet, Executive Vice President and Chief Financial Officer

Thanks, Hector. AMD had an excellent quarter including: continuing market share gains in server, mobile and desktop markets; continuing growing demand within the commercial sector for not only AMD based server offerings but for AMD based mobile and desktop offerings as well; improvements to the balance sheet, including a reduction in debt of \$639 million and year end cash and short-term investment balances increasing to \$1.8 billion; the successful IPO of Spansion, which closed on December 21st; and financially we reported another very strong operating quarter.

Before I review the operating statement detail, let me mention that the completion of the Spansion flash memory IPO requires several changes to our reporting. So I want to take some time to help you understand both our reported results and the way to model our business going forward. So in

callstreet

corrected transcript

Advanced Micro Devices, Inc.

Company ▲

AMD

Ticker ▲

Q4 2005 Earnings Call

Event Type ▲

Jan. 18, 2006

Date ▲

addition to our GAAP consolidated financials, I will also discuss non-GAAP results. For your convenience we have included within our press release a new table which reconciles AMD going forward to the consolidated GAAP figures. I would like to take a few moments to walk you through this table. It's labeled 1.6 in the press release.

The first column shows our fourth quarter GAAP results, including total consolidated sales of \$1.84 billion, up 45% from the fourth quarter of last year and up 21% compared to the third quarter of 2005. Net income was \$96 million or 21 cents per share. This data includes 86 days of Spansion's results before the IPO and also a non-cash charge of \$110 million. The third column shows non-GAAP results, excluding the \$110 million non-cash loss on ownership dilution in Spansion, which results in an EPS of 45 cents.

Column 4 shows the impact of the memory segment and Spansion on each line of AMD's financial statements, which totals a negative impact on net income of \$39 million. The fifth column reclassifies the net impact of the \$39 million from each line item to one line item. Excluding this line, the company's operating results are presented in a form that will be more consistent with the presentation of future results.

Fourth quarter sales of \$1.35 billion, a 34% increase compared to the third quarter of 2005 and a 78% increase compared to the fourth quarter of 2004. Gross margin was 57%. SG&A was 18% of sales. R&D was 19% of sales. Operating income was \$268 million. The memory segment and Spansion impact on net income was a negative \$39 million. Net income for the quarter is still 205 million or 45 cents per share.

Switching to the business segment highlights, CPG sales were \$1.31 billion, another new record and a 79% increase over the same period a year ago. We also grew 35 percentage points from the third quarter of this year. Our strong microprocessor sales indicate that we once again took share across the server, mobile and desktop product offerings, particularly in the performance segment as indicated by our ASP growth.

Unit sales in the quarter increased by 27% quarter on quarter, and we saw a 6% improvement in average selling price. Server, mobile and desktop processor sales each grew significantly compared to the third quarter of 2005. Mobile processor sales growth was driven by increased shipments of AMD Turion 64 processors. Server and desktop sales growth were driven in particular by increased customer adoption of dual-core AMD processors. Geographically processor sales were especially strong in North America, Europe and greater China, and distribution in consumer and commercial channels are reporting very lean AMD inventories worldwide.

CPG's operating income of \$287 million established another new record in the quarter, up again from the record levels of the third quarter of 2005. Included within CPG's results are the bonus and profit sharing accruals that had previously been included in the all other segment. With the deconsolidation of Spansion we have reclassified and conformed these expenses into the specific business segments that earned them, primarily CPG.

Net income impact of the memory segment and Spansion at AMD was a negative \$39 million as I mentioned. Again, column 5 provides an outline of how AMD would have looked in the fourth quarter when you exclude the memory segment results and all Spansion related charges. Going forward you will see a line item called equity and net income of subsidiary below the interest income and expense lines reflecting our current 37.9% ownership in Spansion results.

Turning to the balance sheet, the year end balance sheet reflects the deconsolidation of Spansion into the line item investment and subsidiaries. Our cash balance was \$1.8 billion, up \$452 million compared with the third quarter. This increase was due to cash flow from operations and loan payoffs from Spansion. Debt was reduced by \$639 million compared with the third quarter. This

:callstreet

corrected transcript

Advanced Micro Devices, Inc.

Company ▲

AMD

Ticker ▲

Q4 2005 Earnings Call

Event Type ▲

Jan. 18, 2006

Date ▲

includes a \$201 million convertible debt conversion and approximately \$440 million of Spansion debt moving off our balance sheet.

AMD's debt to capital ratio finished the year at 28%, good progress toward our target of 20%. Fourth quarter capital expenditures, excluding the memory business, was \$250 million for AMD. Inventory declined as a result of the Spansion IPO and a \$61 million reduction in AMD processors inventoried.

Now I'd like to discuss the outlook. AMD's outlook statement for the first quarter and full year of 2006 are based on current expectations and do not include Spansion. The following statements are forward looking and actual results could differ materially depending on market conditions.

AMD expects first quarter 2006 sales to be flat to down slightly compared to the \$1.35 billion in the fourth quarter of 2005. If achieved, this would approach a 70% increase from comparable sales in the first quarter of 2005. Operating expenses which include R&D and SG&A will increase by approximately 6% compared to the \$506 million in the fourth quarter of 2005. Stock option expense in the first quarter will be approximately \$16 million at the current share price. And finally, a reminder, the line equity and net income of subsidiary should be modeled using our current Spansion ownership of 37.9% multiplied by your estimate of Spansion's quarterly net income going forward.

For the full year 2006 you should be modeling capital expenditures of approximately \$1.4 billion. Depreciation and amortization will be approximately \$825 million. The tax rate within a 10 to 15% range, and I also want to call to your attention that we will have an extra week in our fiscal 2006, which we'll take in the second quarter of this year.

In summary, 2005 was a very good year. We made significant strides in taking market share, improving our operating results and strengthening the balance sheet. We believe that we are very well positioned for 2006. And with that I'll hand it back to Hector.

Hector de J. Ruiz, Ph.D., Chairman, President and Chief Executive Officer

Thank you, Bob. We began 2006 with more momentum and higher quality momentum than at any other time in our history. Revenue is not just growing; it is accelerating. Platform adoption has never been stronger, particularly among the world's most respected OEMs and industry partners. Our marketing capabilities are now recognized as world class and our global footprint is getting stronger every day. The industry is healthy. Customers and partners that have elected to partner with AMD are seeing the opportunities that come from providing the freedom of choice to their customers. We have seized the mantle of technology leadership in our industry and are continuing to distance ourselves from the competition.

In our world class Dresden operation the ramp of our new FAB 36 is going extremely well. Production started late last year. Yields are outstanding and beginning to approach the FAB 30 levels. Production and shipments are expected to begin before the end of this quarter. We are methodically marching towards a substantial expansion of our capacity in preparation for a significant sustainable increase in worldwide market share. We have not peaked. This is just another stage in our climb to greatness. We are poised and ready to gain even more share. And consistent with the revenue and profit growth engine that we have become, we have positioned ourselves to grow at least at twice the rate of the industry.

Once again, I want to thank each and every AMD employee for remaining laser focused on the task of creating the world's most innovative semiconductor products and technologies. We remain highly motivated by the prospects of helping to create a marketplace that is better for our customers, partners and end users worldwide. And we are very encouraged that our industry is

callstreet

corrected transcript

Advanced Micro Devices, Inc.

Company ▲

AMD

Ticker ▲

Q4 2005 Earnings Call

Event Type ▲

Jan. 18, 2006

Date ▲

showing a strong desire to break free from the artificial competitive barriers that have constrained all of us to date.

Thank you, and I would like now to turn it over to Mike Haase for the question and answer period.

Michael Haase, Director of Investor Relations

Thanks, Hector. Operator, we'll begin the Q&A polling, please.

:callstreet

corrected transcript

Advanced Micro Devices, Inc.
Company ▲

AMD
Ticker ▲

Q4 2005 Earnings Call
Event Type ▲

Jan. 18, 2006
Date ▲

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions]. And our first question is from the line of Michael Masdea with Credit Suisse. Please go ahead.

<Q – Michael Masdea>: Yeah, thanks a lot. I was just doing the math. I'm trying to get a handle on how much market share you took in the quarter. Any estimates from your end? It looks like it's a lot more than your competitor might have thought.

<A – Hector de J. Ruiz>: Well, we have the numbers. A year ago we had 9.6%, a quarter ago we had 11.9%, and it looks like we have 15.3%.

<Q – Michael Masdea>: Great and then given the concerns about that late quarter demand from your customer, your competitor, any concerns that you might have gotten some spillover demand which is not going to sustain into the new year based on your familiarity with your designs?

<A – Hector de J. Ruiz>: Can you repeat that question, Mike?

<Q – Michael Masdea>: Yeah, at the end of the year obviously there were some cancellations from your competitor. They talked about some chip set shortages. Do you think there's any chance you got some incremental demand because of those shortages that might not be there in the coming quarters?

<A – Hector de J. Ruiz>: Mike, our customers have to plan their production weeks and weeks ahead. You don't turn things like this on a dime. Our designs are different. Our products are differentiated. There is no doubt that there seems to be production struggles at our competitor. But again, I don't think that it affected our quarter.

<Q – Michael Masdea>: Great, last question just on the ASP side. It's pretty clear you can get a big ASP benefit from the server side, but on the desktop and mobile side you seem to be on par in like for like offerings with Intel. Is it just a mix issue and how do you continue to move up that mix?

<A – Hector de J. Ruiz>: Well, we are continuing to improve our mix obviously. Our server business is the fastest growing part of our business. Our mobile business the second growing part, but we also grew our desktop business very significantly. And our ASP increase is both a combination of a better mix, but also some ASP improvement in certain segments and I won't give you more granularity than that.

<Q – Michael Masdea>: That's fine. Thanks a lot, guys.

Operator: And our next question is from the line of Adam Parker with Sanford Bernstein. Please go ahead.

<Q – Adam Parker>: Hi, just a couple questions related to market share over the next year. I'm sure you listened to Intel's conference call last night where they pretty confidently stated that they are going to gain some share back and I think cited price performance per watt and cost as reasons for that. So have you noticed the signs of Intel getting more aggressive at all in pricing? Your pricing is going up. Would it have gone up more without some action from them? That's the first part of the question. And then the second would be, you know, just can you give us some more color on your processor road map in '07 so that we can, you know, kind of get a bit more look into how we should think about your competitiveness in the major product areas next year?

<A – Hector de J. Ruiz>: Adam, let me try to answer part of the question, and when I finish Henri can do some of the other pieces. First of all, the market continues to be as it always has been, very competitive. You know, anyone that thinks that rising competition doesn't exist, you know, is

callstreet

corrected transcript

Advanced Micro Devices, Inc.
 Company ▲

 AMD
 Ticker ▲

 Q4 2005 Earnings Call
 Event Type ▲

 Jan. 18, 2006
 Date ▲

dreaming. It is very competitive. But we are – some of you I noticed have already concluded that we are very competitive in cost, and therefore for us it's – the cost issue is not the one that drives it. The second part is we're dealing with a much complex and broad array of products than we ever have in the history of the microprocessor industry. So on one end you have the very high performance, high volume, feature rich products in the server base and the gaming space, etc. There, frankly, people want those features, they want that performance, and they are looking for that particular thing in those products. It's not an issue of pricing. As a matter of fact, we know for a fact in some cases where some customers have turned down practically zero pricing product because they don't need them. They really want the performance and features, etc. that we are offering. On the other hand, when you go down to the other extreme, when you get to the value platforms in the very low end of the space, which is more commoditized, the pricings are low enough, frankly, there is very little room for pricing movement. I think we are dealing with a scenario where as I stated before in previous calls, you know, it's a demand for our products that's driving the, what we see as a healthy outlook for us going forward. As far as what we'll do in 2006 and beyond, we stated in our previous analysts' meeting that we have a business model that we believe that in the 2008 or 9 timeframe we should aim to achieve the 25 to 30% of the market. We still have that as our goal and as a business model, and we believe that we are steadily making progress quarter by quarter by quarter. From a – in terms of giving you any more granularity than that, I mean that's about as best as I can do and can tell you. In terms of our products road map. Before I turn it over to Henri for any additional comments, I would just like to say that we rely heavily on the input of our customers. Our customers tell us whether our road maps we have are appropriate to them, and we are getting very strong input and very strong encouragement that if we stay on our road map and execute in 2006 we have an excellent outlook to continue to grow and gain share as we did in 2005.

<Q – Adam Parker>: Okay. You know, if you get – you know, work toward achieving this goal, a 25, 30% share, can the third party sort of chip set vendors produce enough to accompany that magnitude of volume three or four years from now, or is there going to be some increasing demand on you to produce more chip sets internally?

<A – Hector de J. Ruiz>: You know, we are open to the idea of – we, first of all, we must do everything we can to meet the needs of our customers, and that is in terms of value, performance, cost, etc. but what drives it is total cost of ownership, and in doing so we are working very closely with partners worldwide to make sure that we're as intimately linked in our planning and anticipation of this challenge going forward. And I think the fourth quarter is a good example of a job that we do reasonably well. We had a very strong quarter, a stronger quarter than probably most people anticipated, and frankly, a little healthier than we expected. And we were able to manage with our partners to meet the needs and demands of our customers. That process will continue. We intend to get better at it, and yes, it's a challenge. But we don't – we're not planning on that being a stumbling block.

<Q – Adam Parker>: Okay, so there is no – there is no need to think more about that as you bring on a lot of capacity as a way to sort of fill up extra capacity down the line? Or that's just beyond your current thinking?

<A – Hector de J. Ruiz>: Not right now.

<Q – Adam Parker>: Okay, great. Thank you.

Operator: And now our next question is from the line of Mark Edelstone with Morgan Stanley. Please go ahead.

<Q – Mark Edelstone>: Good afternoon. First off, congratulations to the team on just a phenomenal job. I guess I had a couple questions. One, Bob, you gave depreciation for the year.

callstreet

corrected transcript

Advanced Micro Devices, Inc.

Company ▲

AMD

Ticker ▲

Q4 2005 Earnings Call

Event Type ▲

Jan. 18, 2006

Date ▲

Can you provide your outlook for Q1 depreciation and then how it ramps as you go through the year at this point?

<A – Robert Rivet>: It's a fairly linear spread. I'd say probably, you know, I'll call it maybe 10% more in the first half of the year than the second half of the year, but not a lot of difference, Mark. We've got, between the roll-off and the roll-on, there is not a lot of change in that number.

<Q – Mark Edelstone>: Okay, great. Then obviously your mix is continuing to richen. Can you give us a sense if you look at your gross margin you had in the quarter of 57%, as you bring on that incremental depreciation, and yet as your mix continues to get richer, what's your sense as to how gross margins trend as you go through the year?

<A – Robert Rivet>: Well, as I've stated before, you know, there is more of a challenge in the first half of the year than in the second half of the year as we, you know, I'll call it have a lot of capacity and capability, but obviously we have to ramp into it. Depreciation comes on by tool, not by wafer start. And so we'll have a little bit of challenge in the first half of the year, less in the second half of the year, but we think as you said, the ASP can offset that issue as we continue to improve our ASP quarter on quarter, as we've demonstrated for many many quarters in a row. But I'd say the challenge is more up front right now in the first quarter as we're just starting to see output from that facility.

<Q – Mark Edelstone>: Okay. Very good. And just as one housekeeping item, I just want to make sure I sort of understood the moving parts in the P&L. If I look at Spansion's results versus what you reported on a consolidated basis through the 20th, is my math correct that basically they did 104 million of revenue in the last 5 days of the quarter?

<A – Robert Rivet>: You got your math right.

<Q – Mark Edelstone>: Okay. Very good. And then just lastly, maybe for Hector, as you are ramping up FAB 36 and it sounds great that things are going well there, when is your sort of expectation as to when we could see wafer starts on a square inch of silicon basis at FAB 36 cross over that of FAB 30?

<A – Hector de J. Ruiz>: Mark, you know, I haven't done the math. I'd be glad to step back and think about it and give you an answer, but off the top of my head I don't have that math in front of me, you know.

<Q – Mark Edelstone>: Okay, great. I'll come back to you. Thanks a lot, guys.

<A – Robert Rivet>: Thank you.

Operator: And our next question is from the line of Joseph Osha with Merrill Lynch. Please go ahead.

<Q – Joseph Osha>: Hey, congratulations, guys. I don't think I've ever seen competitive momentum shift like this. So congratulations. Two questions. One, just following up on what Mark said, you shouldn't be recognizing Spansion revenue on your P&L dollar for dollar the same as Spansion recognizes it, right? Because of the way the selling concession works? Is that true?

<A – Robert Rivet>: No, historically it was exactly the same. I mean, if their quarter and our quarter were exactly, and we owned them for the whole quarter, there was no difference between the two.

<Q – Joseph Osha>: Okay. But on a go forward basis that's...

:callstreet

corrected transcript

Advanced Micro Devices, Inc.

Company ▲

AMD

Ticker ▲

Q4 2005 Earnings Call

Event Type ▲

Jan. 18, 2006

Date ▲

<A – Robert Rivet>: On a go forward basis we will not report any sales at Spansion, just our portion of their net income.

<Q – Joseph Osha>: But as I -- under the previous arrangement they were reselling, they were selling flash to you, and then you would resell it at a --

<A – Robert Rivet>: There was no commission there. We moved the sales force. That happened early on in the process, but as through most of '05, we actually moved a complete sales force into Spansion and so that discounting, that's what it was paying for, went away.

<Q – Joseph Osha>: Okay, so it's just the simple calculation.

<A – Robert Rivet>: That's right.

<Q – Joseph Osha>: Okay, thank you. And then the second thing, particularly looking at the mobile -- your mobile products, I was wondering if I can get a bit of a sense as to how that road map plays out in '06, in particular when 65 nanometer products hit?

<A – Henri Richard>: Okay, Joe, this is Henri. Well, as you know, we have an introduction of our dual-core offering in the mobile space in conjunction with the move to our platform DDR2. This will happen in the middle of the year.

<Q – Joseph Osha>: Does that occur on...?

<A – Henri Richard>: There is no change and we're on plan.

<Q – Joseph Osha>: Does that occur on 65 nanometer or does it hit on 90 first?

<A – Henri Richard>: It's going to be on 90 nanometer first.

<Q – Joseph Osha>: Okay, okay, beautiful. And, Bob, is there any way you could be persuaded to put some kind of quantitative sort of bounds around those gross margin comments?

<A – Robert Rivet>: No.

<Q – Joseph Osha>: Had to ask. Congratulations.

<A – Robert Rivet>: Thank you.

Operator: And our next question is from the line of Ben Lynch with Deutsche Bank. Please go ahead.

<Q – Ben Lynch>: Thank you for clearing up the in demand versus market share questions that Intel brought up last night. Clearly phenomenal market share momentum in Q4 again. I hear you that you are gaining, I guess, 5 percentage points or so. Are you able to comment on whether without naming specific names, there were particular customers where you had very significant increases in your penetration in Q4 versus Q3?

<A – Hector de J. Ruiz>: Ben, it's across the board our customers are increasingly showing interest in our products, so -- and even if there was one customer that's particularly strong, we couldn't give you that.

<Q – Ben Lynch>: Okay. The other question I want to ask maybe for Bob, given your success you, you know, are eating up those NOLs very quickly. At what point now do you think you will refer more to sort of 30% or so tax rate base?

:callstreet

corrected transcript

Advanced Micro Devices, Inc.

Company ▲

AMD

Ticker ▲

Q4 2005 Earnings Call

Event Type ▲

Jan. 18, 2006

Date ▲

<A – Robert Rivet>: Well, it, you know, no surprise is we continue to chew those up as we continue to knock down very healthy profit levels. As I've indicated, the tax rate will be sub-30% in the 10 to 15 range next year. This year, I'm sorry, in 2006. 2007, obviously based on our expectations, we'll start getting – we'll have to move it up again. Maybe with a little luck even this year. But to me it's '07 is when we'll start popping above the 15% level.

<Q – Ben Lynch>: Okay. Great. Then maybe the last question, you guys had sort of indicated even at the end of Q2 that you weren't necessarily swimming in capacity, so it was just something that you were keeping an eye on, and yet you had these two, you know, huge quarters. What have you been able to, given the recent timing, been able to do just to, you know, to make that not be an issue?

<A – Hector de J. Ruiz>: Well, there are a number of things, Ben. We've always said we have a phenomenal organization in manufacturing that is continuing to looking for ways to be more productive. And, you know, we have been able to increase productivity in our factory, frankly to incredible levels. The factory is just running incredibly well. We've been able to also squeeze more silicon area out of the factories by doing a lot of very creative, clever rearrangement of the equipment logistics, etc. Obviously the transition the complete, the completion of the transition to 90 nanometers was very helpful and the yields are high. The yields are running at phenomenal levels, and as I've stated before, all of the leading indices that are benchmarked by SemiTech continue to show that our manufacturing is worldwide world class. I think all of that has allowed us to have, you know, a continued planned increase in unit capability. Going forward our plans continue, of course, to emphasize capacity, productivity, etc., but in addition to that, this year we have the addition of FAB 36 which is very significant and the beginning of our foundry which will start producing product in the second half of the year for revenue and that would also contribute to our capacity.

<Q – Ben Lynch>: Great. Thanks very much, and well done, again.

Operator: And our next question is from the line of Tim Luke with Lehman Brothers. Please go ahead.

<Q – Tim Luke>: Thanks. And again, congrats on the quarter. I was wondering, Hector, if you could just, or Henri, maybe you could remind us of what the increases in capacity are now targeted to be through the year, and as you bring on FAB 36, and to what extent you are seeing visibility in terms of your order flow to fill that capacity?

<A – Hector de J. Ruiz>: First, you know, let me make some comments in general about silicon, and then Henri can comment about demand. We are ramping FAB 36 as rapidly as we can. In addition to that we are bringing on board the capability of our foundry for the second half of the year. Those things will complete in terms of their contribution they make, the FAB 36 will reach full capacity sometime in the 2008 timeframe, and we believe that in the current mix, remember, one of the things that we have to deal with is the mix changes. Someday we'll be building quad core and that will have an impact on units. But if you assume today's mixes, I can see our unit capability being able to go, you know, 40% up this year and continue to go up so that when we hit the 2008 timeframe, we're talking about, you know, in the 100 million unit capability for us. So you kind of draw a line in between. It's never perfect because it's a function of mix and demand, but those are our plans.

<Q – Tim Luke>: And it sounds as if you have broadened out your region to customers, that your visibility on selling that 40% unit is improving or how could you shape that?

<A – Henri Richard>: Tim, there is two factors that influence our visibility into the business.

<Q – Tim Luke>: Yeah.

Advanced Micro Devices, Inc.

Company ▲

AMD

Ticker ▲

Q4 2005 Earnings Call

Event Type ▲

Jan. 18, 2006

Date ▲

<A – Henri Richard>: First, we are increasingly deriving a larger portion of our revenue from tier-1 OEM. We continue to have a very strong channel organization, but our tier-1 OEM represents a larger portion of our revenue. Secondly our commercial business is growing very quickly and we have a pipeline in place that allows us to know not only what we're going to do next quarter but also further down the year. So the additional visibility that these two elements give us is obviously helping us having a much better grip on what the business looks like.

<Q – Tim Luke>: Let me just ask one thing for Bob, and that was just to clarify on the bonus payments, it seems that they would have been fairly significant going into the fourth quarter, and perhaps less significant in a way in '06, given the planning that you have.

<A – Robert Rivet>: Yeah. I mean I'll get personal with you. I'm sure every year your bonus targets get reset. We're no different than anybody. Clearly this year we believe, and I think we are demonstrating based upon what's happened throughout the year and the fourth quarter in particular, the team did an outstanding job and they deserve to be rewarded from it. But of course the bogeys get reset as we start '06.

<Q – Tim Luke>: What was the rough estimate of what that would have been?

<A – Robert Rivet>: We don't – we don't give that kind of color.

<Q – Tim Luke>: Thank you very much, guys. Nice quarter.

<A – Robert Rivet>: Thank you.

Operator: And our next question is from the line of Glen Yeung representing Citigroup Investment Research. Please go ahead.

<Q – Glen Yeung>: Thanks. If we were to look into the first quarter of the year, I wonder if you can give us a sense – or maybe rank maybe is a better way to think about it, where you think the opportunities are greatest, be it server, desktop or notebook? And then maybe the same question for 2006?

<A – Henri Richard>: Well, clearly, you know, the server business is going to continue to be our engine of growth. We have a lot of opportunities there. I'm not going to elaborate on what our market share might be. We have to wait for Mercury Research and other analysts to give us their view, but it's clear that we've gained significant share in the fourth quarter, and I think the momentum as we told you many times before, there is an underestimation in the market of the momentum of the Opteron platform and its adoption in Fortune 500 companies. And bear in mind that as we told you at the analyst meeting we are going to increase the number of platforms in the marketplace, and broadening the spectrum of solutions based on the Opteron platform. So I think that that's going to continue to grow very quickly for us. Mobile, obviously, is doing extremely well. That's driven by the fact that the market is growing, but also I think that increasingly customers are looking for differentiation and Turion 64 platforms provide that to them. But interestingly we're also doing extremely well in desktop, and in particular in the mainstream and high performance segment of it, where, you know, the supremacy of our dual-core technology is clear, and where the demand for the Athlon 64 X2 and the Athlon 64 FX continues to surprise us on the positive side. So for Q1 obviously across all the segments we are very positive. On the overall year we still have an enormous opportunity on tap in many of the high growth markets of the world. You know, we've made great progress in China, but there's a lot of other places where we have plans to execute, and I feel that we have the right product mix and the right people in place to go and seize those opportunities. So I would say first quarter it's pretty much more of the same. For the rest of the year expect to see us continue to show great progress in commercial and in high growth markets.

callstreet

corrected transcript

Advanced Micro Devices, Inc.

Company ▲

AMD

Ticker ▲

Q4 2005 Earnings Call

Event Type ▲

Jan. 18, 2006

Date ▲

<Q – Glen Yeung>: Okay. And then if you just were sort of isolating your thoughts to the emerging markets, I wonder if you can give us a sense as to the trends that you are seeing there in terms of emerging market mix. Because, for example, in handsets which is obviously not your business, a different business, we are starting to see a lot more higher end models get adopted in emerging markets recently. I'm wondering if that's something we can also see in the PC market?

<A – Hector de J. Ruiz>: That's really a very complex question because the answer, emerging markets is unfortunately not a homogeneous thing. It's very, very different. An example that I'll just speak to that are pretty clear and obvious is when you look at the emergent market growth in Latin America, as an example, in Mexico it's heavily influenced by global players, tier 1 customers who are very strongly present there. In Brazil there is a heavy influence of a lot of local players who are very strong also in their, what people refer to as white box vendors. So very two different scenarios playing there. Then you have India where frankly at this point in time some of the strongest driving forces in India seem to be consumer oriented. It's a country with a very strong appetite for the consumption of content for consumers, and there you are looking at a very different picture. So it's not as – the good news is that we see when you add up all those markets, you see a very healthy demand across a very broad spectrum of products, which we offer. And so we are very – feel very bullish about our ability to be able to serve those markets. But I think there – let me ask Henri to add something to that.

<A – Henri Richard>: I won't give you the region but just to give you a data point our largest improvement in the ASP in percent was in one of the high growth markets of the world. So there is clearly a lot of opportunities for AMD in the mainstream and the high performance segments in these markets. It so happens that in the past our marketing was not focused at those segments. Often our lower end products were sold in those markets. But we're finding great success in the positioning of our new Turion, Athlon 64 and Opteron brands.

<Q – Glen Yeung>: That's very interesting. Just one last question, which is obviously you have dual-core entering the market and the demand is starting to build. Maybe what your sense is as to how you view dual-core versus single-core and the relative level of interest that you are seeing in dual-core chips?

<A – Henri Richard>: Well, clearly in server, you know, dual-core is rapidly gaining traction and we expect that conversion to be almost complete by the end of 2006. In the client space it's a little bit different. As we had the question a couple of calls ago where I made the point that it's really a software issue. It's not that people are not interested in the dual-core. You are correct. There is a lot of growth in that space for us. But I think that as applications come to the market and take advantage of the technology, then that will drive faster adoption than we are seeing right now. Now, we have – we happened to have both very high performance single and dual-core processors and so our view may be skewed by the fact that we have a superior technology.

<Q – Glen Yeung>: Thank you.

Operator: Thank you. And our next question is from the line of JoAnne Feeney with Punk, Ziegel & Company. Please go ahead.

<Q – JoAnne Feeney>: Good afternoon, folks, and congratulations again. I just have a brief question. The growth that you project for 2006, you are saying is you expect it to be at twice the industry rate. Now, clearly the achievement you've had in the second half of '05 would carry you well beyond those rates if you just kept that level of sales flat. So clearly you are looking at a projection based on your levels in the second half of '05. Is that a good place to start?

<A – Hector de J. Ruiz>: Well, I think – I'm just – let's just be pretty open and transparent here. I think in a competitive space that is as strong as ours, where you have an incredibly, you know, brutal and monopolistic competitor versus one that's creative and innovative serving customer

:callstreet

corrected transcript

Advanced Micro Devices, Inc.
Company ▲AMD
Ticker ▲Q4 2005 Earnings Call
Event Type ▲Jan. 18, 2006
Date ▲

needs, and to assume that we grow at twice to the markets, I think that's pretty aggressive, and if we, you know, our intent is to work our buns off to beat those numbers. But I think for us to do anything more than that frankly I don't think makes any sense.

<Q – JoAnne Feeney>: And then on the manufacturing side, do you have a yield time table for FAB 36 that you could talk about?

<A – Hector de J. Ruiz>: Yield time table? Can you help me?

<Q – JoAnne Feeney>: In terms of the ramp up over the course of '06. You said you expect to increase yield pretty rapidly. I'm just wondering what levels you'll start at and how quickly you'll get to maximum yields?

<A – Hector de J. Ruiz>: I think if I understand the question right, I mean if I back off a little bit, when we moved from, you know, 250 nanometers to 180, we – it took us a certain amount of time to reach maturity in yields. Then when we went from 180 to 130 we were able to cut that in about half of that same time. Then when we went to 130 to 90, the time that it took to get there was significantly shorter. And our goal now as we go from 90 to 64, frankly, is that by the time we start shipping products we'd like to be at mature yield, so that's almost like saying zero time. I know it's aggressive and I'm not, but I think our manufacturing team feels up to the challenge of stretching for such an aggressive goal.

<Q – JoAnne Feeney>: Okay, great. Thanks very much.

Operator: Thank you. And our next question is from the line of Jim Covello with Goldman Sachs. Please go ahead.

<Q – James Covello>: Good evening. Thanks so much and congratulations on the terrific execution again. I apologize for you're – for spending more time on such a basic issue but I just want to make sure I understand this. You talk about going double the market rate and the number off of which you expect to grow double the market rate is that 3.9 billion that you break out which is the subtotal excluding the memory segments?

<A – Hector de J. Ruiz>: It is – I think so. I think that whatever the number is for our business without the memory segment, that is the basis on which we will grow at twice the market or better.

<Q – James Covello>: Okay. So if I just work through that and I say roughly 3.9 billion and if we assume PC markets grow, PC units grow 10, just assume ASPs are flat for now, that's 20% growth, that would get you to about \$4.7 billion. But you are already at 1.35 or if it's down a little bit in the first quarter as per your guidance, \$1.3 billion. So what am I missing about the sequential expectations as we go throughout the year then?

<A – Hector de J. Ruiz>: I think it's very simple. I think we intend to, you know, under promise and over perform. At this point in time we are confident and have a high confidence level that we will deliver at least to twice the market rate.

<Q – James Covello>: Okay, and then final question for me is if you look at your ASPs which are going higher because of your excellent execution and product offering and your competitor's ASPs which are going lower, as the gap closes between your ASPs and their ASPs, what kind of impact do you think that has from a competitive standpoint in the marketplace?

<A – Hector de J. Ruiz>: I go back to the point that we made earlier, that I think that, you know, it is a very competitive space. Our mix is improving but the ASPs first Q continue to go down with time because that's the nature of the beast. It is important to highlight that as we put pressure on the market so that there is a perhaps in essence an approaching of ASPs converging, I think the

:callstreet

corrected transcript

Advanced Micro Devices, Inc.

Company ▲

AMD

Ticker ▲

Q4 2005 Earnings Call

Event Type ▲

Jan. 18, 2006

Date ▲

only people – the people that win are the customer and the end user, and I think that will be healthy, I think healthy for everybody, certainly healthy for us for sure.

<Q – James Covello>: Thank you very much.

Operator: Thank you. And our next question is from the line of Chris Danely representing JP Morgan. Please go ahead.

<Q – Christopher Danely>: Thanks guys. Most of my questions have been answered. Just a few quickies. Can you give us some OpEx guidance for '06?

<A – Robert Rivet>: I guess I'm not prepared to do that. I mean to me we'll do this a quarter at a time. To me to some degree we need to talk, but based on the revenue expectation that takes place. So right now I'm only prepared to give you first quarter guidance.

<Q – Christopher Danely>: I guess to put it another way, can we assume just a normal sequential ramp? Nothing – nothing different in there? Unexpected, I guess?

<A – Robert Rivet>: No. I mean nothing unexpected. I mean we will continue to increase our design, our engineering capabilities so that we can increase the number – our architecture for the future, our number of platforms, etc., etc. We will continue to make the appropriate investments in marketing to have the appropriate teams around the world to execute and acquire more customers. So, you know, to me we will continue to – we like being in the lead and we're going to continue to maintain the lead and invest appropriately.

<Q – Christopher Danely>: That's fine. And then can you give us a sense of what the rough mix was between server, desktop and laptop in Q4?

<A – Hector de J. Ruiz>: No. We typically don't break it down that way. The only thing that I will repeat is again server led the growth followed by mobile followed by desktop.

<Q – Christopher Danely>: Great. And last question, obviously you're capacity constrained. When do you think you guys will be able to catch up to demand and get a little more comfortable?

<A – Hector de J. Ruiz>: First of all, we haven't said that we're capacity constrained and we don't believe we are. We think we are planning very tightly with our customer, and we're executing well. That's why you see our inventories being fairly lean. But we're executing. We did not affect any customers in the quarter and nothing planned to in 2006. We're balancing things reasonably well.

<Q – Christopher Danely>: Great. Thanks.

Operator: And our next question is from the line of Tom Thornhill with UBS. Please go ahead.

<Q – Thomas Thornhill>: At the analyst meeting you gave some targets for gross margin, R&D, MG&A for AMD prime. Given the outstanding performance in the quarter just finished, and congratulations on that, are there any adjustments that you'd want to make to some of the ranges on the line items?

<A – Robert Rivet>: No. To me we put a lot of thought in that modeling and our expectations, so to me we continue to try to execute to those ranges. So I'd say no, there is no update.

<Q – Thomas Thornhill>: Okay. So the gross margins, the range you had given there was 51, 57. And you achieved that in the fourth quarter. But you still think that's the appropriate range for the out year?

:callstreet

corrected transcript

Advanced Micro Devices, Inc.

Company ▲

AMD

Ticker ▲

Q4 2005 Earnings Call

Event Type ▲

Jan. 18, 2006

Date ▲

<A – Robert Rivet>: Yeah. I mean just to remind you of FAB 36. This giant facility starts production right now. So that's a large depreciation bill that needs to be absorbed to get costs to match output, and revenue and costs to match. So to me it still is appropriate at this point in time that we will continue to hopefully, you know, beat the numbers, but that's a decent range to live in.

<Q – Thomas Thornhill>: Okay. And the depreciation number that you gave was what, 825, right?

<A – Robert Rivet>: For the year, yeah, that's right.

<Q – Thomas Thornhill>: For the year, and that's up 150 million?

<A – Robert Rivet>: Yeah, that's right. That's right.

<Q – Thomas Thornhill>: Very good. Also you've reduced some debt recently which I would imagine will affect the interest expense line. Can you give some guidance on what you expect to see, what we should be looking for for interest income and interest expense as we go through the year?

<A – Robert Rivet>: No, I think you can model it off our balance sheet, you know, what's going to happen from there. And obviously I will deploy excess cash to reduce debt on a continuous basis to focus in on the 20% debt to capital ratio.

<Q – Thomas Thornhill>: Okay. The options expense, can you give us some idea of the breakdown to COGS, R&D and MG&A, as it will go into the income statement?

<A – Robert Rivet>: I'm not prepared to do that right now.

<Q – Thomas Thornhill>: Okay. We'll follow up offline on that. Thank you.

Operator: Thank you. And our next question from the line of Krishna Shankar with JMP Securities. Please go ahead.

<Q – Krishna Shankar>: Yes. Congratulations on excellent results. Did the ASPs increase in all three segments, desktop, mobile and server? Can you give us some sense of the magnitude of the ASP please in each of the three segments?

<A – Hector de J. Ruiz>: That's a little bit too much granularity. They were either stable or increased in every one of the segments and I'm not going to give you more than that.

<Q – Krishna Shankar>: Okay. And Bob, can you just highlight the stock compensation expense here again for Q1? I missed that.

<A – Robert Rivet>: Right now obviously it's very dependent on stock price, but right now I'd guess that at, based on the current trading level of the stock, around 16 million for the quarter.

<Q – Krishna Shankar>: Okay. Thank you.

Operator: Thank you for your question. And we'll go next to the line of Mike McConnell with Pacific Crest Securities. Your line is open.

<Q – Michael McConnell>: Thank you. I wanted to dig a little bit into the server space. Obviously you've had a lot of success in the architectural front. I wanted to ask a couple questions on the Interconnect. With Intel pushing out the common system Interconnect, I was curious what you are going to be doing with hypertransports this year? There has been some talk about a potential

callstreet

corrected transcript

Advanced Micro Devices, Inc.

Company ▲

AMD

Ticker ▲

Q4 2005 Earnings Call

Event Type ▲

Jan. 18, 2006

Date ▲

licensing deal. Is this something we should also think about this year that could help you, you know, further drive some market share gains on the server side?

<A – Hector de J. Ruiz>: It is our desire on hypertransport to continue to make it as open as possible and make it a contender in the industry as it has been adopted by a number of folks. It continues to move in terms of improving the technology, you know. By next year we'll be implementing hypertransport three, which is the third generation of the product. It is included, an integral part of our road map and our architecture will continue to get better. And as I said before, we have done a fairly open licensing approach to it and will continue to do so.

<Q – Michael McConnell>: Okay. Thank you.

Operator: Thank you. And our next question from the line of Mark Lipacis with Prudential. Please go ahead.

<Q – Mark Lipacis>: Great. Thanks for taking my question. First on the pricing, I understand that you said there was – it's always competitive. Did you say that it was – that Intel was being more aggressive than normal or kind of in your opinion kind of in track with normal competitive pricing?

<A – Hector de J. Ruiz>: I was referring to normal, which it is very competitive.

<Q – Mark Lipacis>: Okay. And last question. You mentioned that the 65 nanometer yields were excellent. Can you help us understand what would potentially motivate a faster ramp of production silicon there? Is it just simply the yields getting better than you expected or are there other constraints that lock it down to the original schedule that I think you've been articulating?

<A – Hector de J. Ruiz>: Maybe let me just correct a perception here. The ramp of FAB 36 is beginning at 90 nanometers and will transition to 65 sometime towards the latter part of the year. The yields that are referred to as being already approaching maturity were based on the 90 nanometers beginning at the ramp. Our 65 nanometer data, which is already coming out, looks very encouraging. As a matter of fact, we've had already microprocessor products built on 65 nanometers that are really looking as planned, excellent at this point in time, and are confident that our ramp beginning in the second half of the year will go well. It continues to get stronger and stronger. And what motivates the change from one node to the other, frankly, is are we able to meet what customers needs and demands are better and how rapidly we can make that transition. We focus really on features, performance, value that it brings to customers, and of course, cost is important, and that also takes part of the equation. But at the top of the list, what is it that our customers want and need from us relative to the product.

<Q – Mark Lipacis>: Okay, that's helpful. Thank you very much.

<A – Robert Rivet>: Operator, we're going to take two more questions, please.

Operator: Thank you. And our next question from the line of Kevin Rottinghaus with Midwest Research. Please go ahead.

<Q – Kevin Rottinghaus>: Thank you. Hoping you could repeat a couple things I may have missed. First off on the OpEx guidance for first quarter, would you just repeat what you said earlier?

<A – Robert Rivet>: 6% growth.

<Q – Kevin Rottinghaus>: And that was...?

callstreet

corrected transcript

Advanced Micro Devices, Inc.

Company ▲

AMD

Ticker ▲

Q4 2005 Earnings Call

Event Type ▲

Jan. 18, 2006

Date ▲

<A – Robert Rivet>: From the 506 level which is the last column on schedule 1.6 that we showed in the earnings release, so that's the re-- the recast numbers to exclude Spansion.

<Q – Kevin Rottinghaus>: And is that primarily the ramp of the new FAB, just basically engineering wafers or where does that come from?

<A – Robert Rivet>: It's a combination of many things, but FAB 36 was probably the most dominant of all of them.

<Q – Kevin Rottinghaus>: Okay. And then could you repeat again, I apologize, what you said earlier on inventories out in the channel and both on your balance sheet as well?

<A – Robert Rivet>: First I'll start with on our balance sheet. We depleted inventories in the fourth quarter. So, you know, I'll call it very good manufacturing execution and inventories actually went down. And we believe based on all our checks, whether it's OEM or distributors, our channels are very tight and lean in the channels.

<Q – Kevin Rottinghaus>: Okay. And that would obviously include the PC OEMs as well.

<A – Robert Rivet>: That's right. That's what I mean when I say OEMs.

<Q – Kevin Rottinghaus>: Okay. And last, any other granularity that you can give us on the progress that you are making in corporate on the PC side, not on the server side but on the corporate PC side?

<A – Henri Richard>: Well, if you – we've always said our strategy was to penetrate the enterprise through a strong server offering. We've delivered on that promise in 2005. Toward the end of the year you saw some of our partners introducing client offerings for the enterprise and part of the positive upside in the fourth quarter was the result of an acceleration to the penetration of our client offering in Fortune 500 companies but I'm not going to give you more detail than that. It's just as we indicated at our analysts' meeting, this is the focus of 2006, winning in the commercial space with clients.

<Q – Kevin Rottinghaus>: Is that really just what it takes, getting more corporate SKUs out there?

<A – Henri Richard>: Absolutely. I've always been a believer that it's a matter of choice, and the freedom of choice is what we need to be able to have our technology adopted by more customers around the world.

<Q – Kevin Rottinghaus>: And the targets are still doubling the number of SKUs for corporate this year?

<A – Henri Richard>: That's correct.

<Q – Kevin Rottinghaus>: Okay, thank you.

Operator: Thank you. And our last question is going to be from the line of David Wong representing AG Edwards. Please go ahead with your question.

<Q – David Wong>: Thank you very much. Could you give us some idea of what percentage of your microprocessor output will still be from FAB 30 by the end of 2006?

<A – Hector de J. Ruiz>: By the end of '06?

:callstreet

corrected transcript

Advanced Micro Devices, Inc.
Company ▲AMD
Ticker ▲Q4 2005 Earnings Call
Event Type ▲Jan. 18, 2006
Date ▲

<Q – David Wong>: Yes.

<A – Hector de J. Ruiz>: I would say somewhere in the 50 to 60%, more or less.

<A – Robert Rivet>: It's an exit rate.

<A – Hector de J. Ruiz>: Exit rate, yes.

<Q – David Wong>: Yeah, okay, thank you very much.

Michael Haase, Director of Investor Relations

Great. Well, that concludes the call and thank you very much for participating.

Operator: Thank you. And ladies and gentlemen, that does conclude our conference call for today. I'd like to thank you for your participation and for using AT&T's executive teleconference service. You may now disconnect.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2005, CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.

EXHIBIT B

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

- ☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the fiscal year ended December 25, 2005

OR

- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the transition period from _____ to _____

Commission File Number 001-07882

ADVANCED MICRO DEVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

94-1692300
(I.R.S. Employer Identification No.)

One AMD Place, Sunnyvale, California
(Address of principal executive offices)

94088
(Zip Code)

(408) 749-4000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)	(Name of each exchange on which registered)
Common Stock per share \$0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

As of June 24, 2005, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$6,799,159,288 based on the reported closing sale price of \$17.17 per share as reported on the New York Stock Exchange on June 24, 2005, which was the last

Source: ADVANCED MICRO DEVIC, 10-K, February 27, 2006

business day of the registrant's most recently completed second fiscal quarter.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

480,887,662 shares of common stock, \$0.01 par value per share, as of February 17, 2006

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 5, 2006, are incorporated into Part II and III hereof.

AMD, the AMD Arrow logo, AMD Athlon, AMD Opteron, AMD Sempron, AMD Turion, AMD PowerNow!, Alchemy, Geode and combinations thereof are trademarks of AMD. Spansion and MirrorBit, and combinations thereof, are trademarks of Spansion LLC. Vantis is a trademark of Lattice Semiconductor Corporation. Legerity is a trademark of Legerity, Inc. Microsoft, Windows, and Windows NT are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other jurisdictions. MIPS is a registered trademark of MIPS Technologies, Inc. in the United States and/or other jurisdictions. HyperTransport is a licensed trademark of the HyperTransport Technology Consortium. NetWare is a registered trademark of Novell, Inc. in the United States and/or other jurisdictions. Other terms used to identify companies and products may be trademarks of their respective owners.

Table of Contents

Advanced Micro Devices, Inc.

FORM 10-K

For The Fiscal Year Ended December 25, 2005

INDEX

<u>PART I</u>		1
ITEM 1.	<u>BUSINESS</u>	1
ITEM 1A.	<u>RISK FACTORS</u>	17
ITEM 1B.	<u>UNRESOLVED STAFF COMMENTS</u>	18
ITEM 2.	<u>PROPERTIES</u>	18
ITEM 3.	<u>LEGAL PROCEEDINGS</u>	19
ITEM 4.	<u>SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</u>	20
<u>PART II</u>		21
ITEM 5.	<u>MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	21
ITEM 6.	<u>SELECTED FINANCIAL DATA</u>	22
ITEM 7.	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	24
ITEM 7A.	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK</u>	71
ITEM 8.	<u>FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	74
ITEM 9.	<u>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	124
ITEM 9A.	<u>CONTROLS AND PROCEDURES</u>	124
ITEM 9B.	<u>OTHER INFORMATION</u>	124
<u>PART III</u>		125
ITEM 10.	<u>DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT</u>	125
ITEM 11.	<u>EXECUTIVE COMPENSATION</u>	125
ITEM 12.	<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	125
ITEM 13.	<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	125
ITEM 14.	<u>PRINCIPAL ACCOUNTING FEES AND SERVICES</u>	125
<u>PART IV</u>		126
ITEM 15.	<u>EXHIBITS, FINANCIAL STATEMENT SCHEDULES</u>	126
<u>SIGNATURES</u>		134

Table of Contents**Manufacturing, Assembly and Test Facilities**

We own and operate five manufacturing facilities, of which two are wafer fabrication facilities and three are assembly and test facilities.

Our microprocessor fabrication is conducted at the facilities described in the chart below:

Facility Location	Wafer Size	Principal	Approximate
	(diameter in	Production	Clean Room
	millimeters)	Technology	Square
		(in nanometers)	Footage
Dresden, Germany			
Fab 30	200	90	150,000
Fab 36	300	90	140,000

As of December 25, 2005, we manufactured our microprocessor products at Fab 30, on 90-nanometer process technology. We started production at Fab 36 in late 2005, and we intend to make production shipments of wafers manufactured using 90-nanometer technology in the first quarter of 2006. By the end of 2006, we intend to begin manufacturing using 65-nanometer technology. Our goal is to be substantially converted to 65-nanometer technology in Fab 36 by mid-2007. Use of 300-millimeter wafers can contribute to decreasing manufacturing costs per unit and helps increase capacity by yielding significantly more chips per wafer than 200-millimeter wafers. Use of smaller process geometries allows us to put more transistors on an equivalent size chip, which can result in products that are higher performing, use less power and/or cost less to manufacture. We currently plan to add production output on a steady year-to-year basis and to keep fab utilization at high levels.

In addition, we have sourcing and manufacturing technology agreements with Chartered Semiconductor Manufacturing pursuant to which Chartered will become an additional manufacturing source for our AMD64-based microprocessors. We intend to use the additional capacity provided by Chartered to augment production at our manufacturing facilities. We expect that Chartered will commence production for us in 2006.

We have foundry arrangements with third parties for the production of our embedded processor and chipset products.

We have also developed an approach to manufacturing that we call Automated Precision Manufacturing, or APM. APM comprises a suite of automation, optimization and real-time data analysis technologies which automate the way decisions are made within our fabrication facilities. We use APM during process technology transitions, and believe APM enables greater efficiency, higher baseline yields, better binning and faster yield learning.

Our current assembly and test facilities are described in the chart set forth below:

Facility Location	Approximate	Activity
	Manufacturing	
	Area Square	
	Footage	
Penang, Malaysia	112,000	Assembly & Test
Singapore	194,000	Test
Suzhou, China	44,310	Test, Mark & Packaging

Some assembly and final testing of our microprocessor and personal connectivity solutions products is also performed by subcontractors in the United States and Asia.

Table of Contents

Prior to December 21, 2005, we also owned and operated eight Flash memory manufacturing facilities through Spansion. Four of these facilities were wafer fabrication facilities and four were assembly and test facilities. These facilities are described in the charts below:

Wafer Fabrication Facilities

Facility Location	Wafer Size	Production	Approximate
	(diameter in	Technology	Clean Room
	millimeters)	(in nanometers)	Square
			Footage
Austin, Texas			
Fab 25	200	110	120,000
Aizu-Wakamatsu, Japan			
JV1	200	230 and 320	70,000
JV2	200	200 and 230	91,000
JV3	200	110, 130 and 170	118,000

Assembly and Test Facilities

Facility Location	Approximate
	Clean Room
	Square
	Footage
Bangkok, Thailand	78,000
Kuala Lumpur, Malaysia	71,300
Penang, Malaysia	71,000
Suzhou, China	30,250

During 2005, Spansion's products were manufactured on 110-, 130-, 170-, 200-, 230- and 320-nanometer process technologies. Process technologies at 200-nanometers and above were used to manufacture low to medium density products where improved cost structure is achieved by leveraging JV1 and JV2, which are substantially depreciated fabs. In 2005, 110-nanometer floating gate and MirrorBit technologies were deployed in production at Fab 25 and JV3. All of the manufacturing facilities produced 200-millimeter wafers. Spansion also has entered into an agreement with Taiwan Semiconductor Manufacturing Company to augment its internal production capacity.

Raw Materials

Our manufacturing processes require many raw materials, such as silicon wafers, IC packages, mold compound, substrates and various chemicals and gases, and the necessary equipment for manufacturing. We obtain these materials and equipment from a large number of suppliers located throughout the world.

Intellectual Property and Licensing

We rely on a combination of protections provided by contracts and intellectual property rights to protect our products and technologies from unauthorized third-party copying and use. Intellectual property rights include copyrights, patents, patent applications, trademarks, trade secrets and maskwork rights. As of December 25, 2005, we had more than 5,500 U.S. patents and had over 1,250 patent applications pending in the United States. The number of issued patents and patent applications decreased from December 26, 2004 because we assigned a number of patents and patent applications to Spansion in connection with its IPO, as discussed below. In certain cases, we have filed corresponding applications in foreign jurisdictions. We expect to file future patent applications in both the United States and abroad on significant inventions, as we deem appropriate. We do not believe that any individual patent, or the expiration thereof, is or would be material to our business.

Table of Contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Advanced Micro Devices, Inc. and Subsidiaries

Consolidated Statements Of Operations

	Three Years Ended December 25, 2005		
	2005	2004	2003
	(In thousands, except per share amounts)		
Net sales	\$ 4,972,408	\$ 3,924,339	\$ 3,070,228
Net sales to related party (see Note 4)	875,169	1,077,096	448,940
Total net sales	5,847,577	5,001,435	3,519,168
Expenses:			
Cost of sales	3,455,812	3,032,585	2,327,063
Research and development	1,144,025	934,574	852,075
Marketing, general and administrative	1,016,085	807,011	587,307
Restructuring and other special charges (recoveries), net	—	5,456	(13,893)
	5,615,922	4,779,626	3,752,552
Operating income (loss)	231,655	221,809	(233,384)
Interest income and other income (expense), net	13,571	(31,150)	21,116
Interest expense	(104,960)	(112,328)	(109,960)
Income (loss) before minority interest, loss on dilution of equity interest in Spansion Inc., equity in net income of unconsolidated investee and income taxes	140,266	78,331	(322,228)
Minority interest in net loss of consolidated subsidiaries	125,151	18,663	44,761
Loss on dilution of equity interest in Spansion Inc. (see Note 3)	(109,681)	—	—
Equity in net income of unconsolidated investee (see Note 3)	3,105	—	5,913
(Benefit) provision for income taxes	(6,642)	5,838	2,936
Net income (loss)	\$ 165,483	\$ 91,156	\$ (274,490)
Net income (loss) per common share:			
Basic	\$ 0.41	\$ 0.25	\$ (0.79)
Diluted	\$ 0.40	\$ 0.25	\$ (0.79)
Shares used in per share calculation:			
Basic	400,004	358,886	346,934
Diluted	440,776	371,066	346,934

See accompanying notes to consolidated financial statements.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 24, 2006

ADVANCED MICRO DEVICES, INC.

By: /s/ ROBERT J. RIVET

Robert J. Rivet

Executive Vice President,

Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons, on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>*</u>	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 24, 2006
<u>Hector de. J. Ruiz</u>		
<u>/s/ ROBERT J. RIVET</u>	Executive Vice President, Chief Financial Officer (Principal Financial and Accounting Officer)	February 24, 2006
<u>Robert J. Rivet</u>		
<u>*</u>	Director	February 24, 2006
<u>W. Michael Barnes</u>		
<u>*</u>	Director	February 24, 2006
<u>Bruce Claflin</u>		
<u>*</u>	Director	February 24, 2006
<u>H. Paulett Eberhart</u>		
<u>*</u>	Director	February 24, 2006
<u>Robert B. Palmer</u>		
<u>*</u>	Director	February 24, 2006
<u>Leonard Silverman</u>		
<u>*</u>	Director	February 24, 2006
<u>Morton L. Topfer</u>		

*By: /s/ ROBERT J. RIVET

(Robert J. Rivet, Attorney-in-Fact)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Hector de J. Ruiz and Robert J. Rivet, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Advanced Micro Devices, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 25, 2005, and any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ Hector de J. Ruiz Hector de J. Ruiz	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 22, 2006
/s/ Robert J. Rivet Robert J. Rivet	Executive Vice President, Chief Financial Officer (Principal Financial Officer)	February 22, 2006
/s/ W. Michael Barnes W. Michael Barnes	Director	February 22, 2006
/s/ Bruce L. Claflin Bruce L. Claflin	Director	February 22, 2006
/s/ H. Paulett Eberhart H. Paulett Eberhart	Director	February 23, 2006
David J. Edmondson	Director	February , 2006
/s/ Robert B. Palmer Robert B. Palmer	Director	February 24, 2006
/s/ Leonard M. Silverman Leonard M. Silverman	Director	February 23, 2006
/s/ Morton L. Topfer Morton L. Topfer	Director	February 22, 2006

Certification of Chief Executive Officer**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Hector de J. Ruiz, certify that:

1. I have reviewed this annual report on Form 10-K of Advanced Micro Devices, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 24, 2006

/s/ Hector de J. Ruiz
Hector de J. Ruiz
Chairman and Chief Executive Officer

Certification of Chief Financial Officer**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Robert J. Rivet, certify that:

1. I have reviewed this annual report on Form 10-K of Advanced Micro Devices, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 24, 2006

/s/ Robert J. Rivet
Robert J. Rivet
Executive Vice President,
Chief Financial Officer

Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Advanced Micro Devices, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i.) the Annual Report on Form 10-K of the Company for the annual period ended December 25, 2005 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii.) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2006

/s/ Hector de J. Ruiz
Hector de J. Ruiz

Chairman and Chief Executive Officer

Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Advanced Micro Devices, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i.) the Annual Report on Form 10-K of the Company for the annual period ended December 25, 2005 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii.) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2006

/s/ Robert J. Rivet
Robert J. Rivet
Executive Vice President,
Chief Financial Officer

Created by 10KWizard www.10KWizard.com